

SENATE BILL 2868
By Springer

AN ACT to amend Tennessee Code Annotated, Title 8; Title 56 and Title 71, relative to requiring certain disclosures of persons with certain relationships with managed care organizations participating in the TennCare program.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 71-5-137, is amended by deleting subsection (b) in its entirety and by substituting instead the following as a new subsection (b):

(b) An official in the legislative branch and their immediate family, an official in the executive branch and their immediate family, as such terms are defined in § 3-6-102, shall disclose any ownership interest or other connection as an officer, employee, board member, director, subcontractor or any paid consulting role which such person may have in any managed care organization that participates in the TennCare program or in any subcontractor of any such managed care organization.

SECTION 2. Tennessee Code Annotated, Section 71-5-137, is amended by deleting subsection (d) in its entirety and by substituting instead the following as a new subsection (d):

(d) Disclosures required by the provisions of this section shall be made to the comptroller of the treasury and shall be made by March 1 of each year for the previous calendar year. The initial disclosure made by a state official subject to the provisions of

subsection (b) shall be made for the previous three (3) calendar years and subsequent disclosures shall be made only for the previous calendar year.

SECTION 3. Tennessee Code Annotated, Section 71-5-137, is amended by adding the following as new subsections:

(e) (1) A person subject to disclosure under subsection (b) may not be a subcontractor or a consultant on a personal services or similar contract to any managed care organization that participates in the TennCare program or any subcontractor of such organization that compensates the person with funds derived in whole or in part from the TennCare program.

(2) A person subject to disclosure under subsection (b) may not be an employee of any managed care organization that participates in the TennCare program or any subcontractor of such organization that compensates the person with funds derived in whole or in part from the TennCare program unless such employment is for reasonable compensation directly related to services rendered.

(3) A person subject to disclosure under subsection (b) may not be an an officer, employee, board member, or director to any managed care organization that participates in the TennCare program or any subcontractor of such organization that compensates the person with funds derived in whole or in part from the TennCare program unless such services are for reasonable compensation directly related to services rendered.

(f)(1) The comptroller of the treasury shall annually audit each disclosure by an official required to make disclosure under subsection (b). Such completed audits shall be public records and shall be transmitted to the department of commerce and insurance.

(2) The comptroller shall refer to the department of commerce and insurance any instance of a violation of the provisions of this section. The commissioner of commerce and insurance may impose a civil penalty not to exceed ten thousand dollars

(\$10,000) for each such violation. The commissioner shall assess the penalty in accordance with the provisions of Title 4, Chapter 5.

(3) The commissioner of commerce and insurance is authorized to promulgate rules and regulations to effectuate the purposes of this subsection. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect July 1, 2000, the public welfare requiring it.